October 3, 2019

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2019-12 (AMENDED)

RE: Mandatory electronic filing of franchise tax returns

Act 66, Session Laws of Hawaii 2018, amended section 231-8.5, Hawaii Revised Statutes (HRS), to enable the Department of Taxation (Department) to require certain taxpayers, including all franchise taxpayers, to file returns electronically. Banks, building and loan associations, development companies, financial corporations, financial services loan companies, trust companies, mortgage loan companies, financial holding companies, small business investment companies, or subsidiaries as defined in section 241-1, HRS, are subject to the franchise tax under chapter 241, HRS.

This Announcement serves as notice required under section 231-8.5(c)(2), HRS, that franchise tax returns for periods beginning on or after January 1, 2020 will be required to be filed electronically.

The following form is available on Hawaii Tax Online (https://hitax.hawaii.gov) for electronic filing:

- Form F-1: Franchise Tax Return

The Department will impose a two percent penalty on the amount of tax required to be shown on the return if the return is not filed electronically unless the failure is due to reasonable cause and not due to neglect. The Department will be phasing in other tax types for mandatory electronic filing in the future.

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Director of Taxation